

INFORMATION REPORT

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SUBJECT SMV Purchases and Other Developments

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Exploratory Drilling Projects

1. According to MITELMAN, SMV purchasing official, the Soviets intend to retain complete control of all oil wells drilled since the end of the war, and only those wells sunk during the war are to be shared with the Austrian Government in accordance with provisions of the projected Austrian State Treaty.* MITELMAN is also quoted as saying that the only really productive oil areas now being exploited by the Soviets are the fields at Matzen and Muehlberg. [REDACTED] intensive exploratory drillings are now being carried out in the vicinity of Duernkrut, approximately 12 kilometers southeast of Zistersdorf, and that the SMV has made plans for experimental drillings along the Austro-Czechoslovak frontier east of the Matzen, Aderklaa, and Deutsch-Wagram oil fields.**

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SMV Purchases

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2. The SMV is taking over almost all surplus machinery and material stocks of the USIA-controlled Hirtenberger Patronenfabrik. [REDACTED] electric motors, machine tools, and raw materials averaging 10 tons a day were transferred by truck to the SMV Central Warehouse in Neusiedl. Soviet Lt. Col. PABOSHKIN of SMV Kantgasse office is in charge of the transfer of equipment and materials, and all Austrians employed in this work have been sworn to secrecy.*** The SMV has purchased all stocks of paint and "Beutonit", a chemical used to extinguish oil well fires, from the Vincenz Wagner plant in Stadtlaau. This purchase is now being transferred to the Dobermannsdorf railroad station, whence it will presumably be shipped to the Soviet Union.
3. The "Okeros" refinery is to be closed as soon as its present contract for the production of rosin has been completed.**** SMV headquarters plans to purchase "Okeros" machinery, which will also be delivered to the Dobermannsdorf railroad station. This machinery will probably be shipped to the USSR, where it will be copied.
4. The SMV Purchasing Office recently purchased from Donau Chemie 45 tons of "Oleum", a product which can allegedly be used instead of sulfuric acid in the refining of oil. Of the total purchase, 30 tons of "Oleum" have been

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Floridsdorf, Vienna XXI. Meanwhile, the SMV continues to allocate sulfuric acid to the Kledering, Nova, Moosbierbaum, "Okeros", Shell, and Vacuum refineries; which have large production orders scheduled for completion by the end of September 1949.*****

- 25X1 5. [redacted] the SMV Purchasing Office made cash payments for the following items used in current production:

| <u>Firm</u> | <u>Purchase</u> | <u>Payment in Schillings</u> |
|--|---------------------------------------|------------------------------|
| Ebenseer Solvaywerke | Soda | 3,350.00 |
| K. J. Baldauf | Paper sacks | 850.00 |
| "Chemia" Chemikalien G.m.b.H. | Hydrochloric acid | 3,156.32 |
| Uher & Co. | Manometers | 6,033.60 |
| Draht- und Drahtwarenhandels | Steel cable | 58,209.52 |
| Shoeller & Bleckmann | Pump rods | 60,150.00 |
| "Canada" Tiefbohrgeräte und Maschinenfabrik G.m.b.H. | High pressure nozzles | 2,075.00 |
| Schmitt Franz, Brunn am Bebirge ** | Iron baskets for glass bottles | 875.00 |
| Juschwmeschtrans | Transportation charges | 21,890.50 |
| Central Commercial Bureau of USIA | Barite from Italy | 92,340.00 *** |
| Wiener Kabel- und Metallwerke A.G. | Cable | 15,970.00 |
| USIA warehouse, Wiener Neudorf | 15 Maybach motors and 800 tank wheels | 49,002.50 |
| Mannesmann-Trauzl A.G. | Drill rods | 68,946.14 |
| Schaeffer & Budenberg G.m.b.H. | Manometers | 3,300.00 |
| Aga-Werke A.G. | Oxygen | 14,592.96 |
| Walter Tunder**** | Cable | 5,018.58 |
| Havlicek Franz Zimmerei u. Fabrikstischlerei | Lumber | 7,996.97 |
| | | 1,924.00 |

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Fabrikstischlerei

gasoline.

hing a total of 85 tons, from SR, have been received at the

SMV Central Warehouse in Neusiedl.**** the Soviets
have finally realized that gasoline produced by SMV subsidiaries is of such inferior quality that Austrian automobile owners prefer to pay higher prices for imported gasoline. In the last three months, there has been a marked decrease in the amount of SMV gasoline sold to Austrian consumers through OROP, and as a result, the SMV has started to import gasoline from Rumania. Rumanian gasoline is shipped by barge to the SDS docks, and transferred to large gasoline depots at Wific-Lobau, Voesendorf, and Neusiedl, where it is mixed with gasoline manufactured by various SMV subsidiary firms.

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This document is hereby regraded to
CONFIDENTIAL in accordance with the
letter of 16 October 1978 from the
Director of Central Intelligence to the
Ambassador of the United States.

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By: [redacted]

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[REDACTED] Moosbierbaum chemical plant, at one time one of the largest sulfuric acid plants in Austria, is now almost completely dismantled, and only a small section of the plant is still operating. Iron girders have been removed from the buildings, and Soviet directed engineering units are dynamiting the concrete foundations.* The Soviets are now trying to sell the iron girders for 0.90 schillings a kilogram; to date, the best offer they have received has been 0.55 schillings a kilogram.

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[REDACTED] Comment: The spelling, MITTELMANN, previously used in reports on the SMV, has been changed to conform with the spelling, NITELMAN, [REDACTED]

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[REDACTED] For a previous re-

[REDACTED] and materials by USIA indicate that most of these stocks have been sold to the USSR; this method of disposing of USIA property by sale to the SMV is a logical development, however, since the SMV will continue to be a Soviet enterprise for an indefinite period of time after the conclusion of an Austrian State Treaty.

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[REDACTED] Comment: This seems to be a reversal of a recent report which the "Okeros" refinery was included in a group of six which the SMV sent large production orders to be completed between 1 July 1949 and the end of September 1949. Meanwhile, the SMV has arranged for the sale to [REDACTED] rosin from surplus stocks at "Okeros", as reported in [REDACTED]

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[REDACTED] Comment: Recent changes in SMV allocations of sulfuric acid, made when large production orders were issued to these refineries on 1 July 1949, were reported [REDACTED]

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[REDACTED] Comment: The exact identity of this firm cannot be determined in the 1949 Industrie Compass.

[REDACTED] ** [REDACTED] s on shipments of barite from Lecco, Italy,

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[REDACTED] Comment: The Walter Tunder firm cannot be identified in the 1949 Industrie Compass or the Vienna telephone book.

[REDACTED] ** [REDACTED] These shipments have been received since 17 July 1949, see [REDACTED]

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[REDACTED] Comment: Dismantling of the Moosbierbaum chemical plant was also reported in the Arbeiter Zeitung (SPOe organ), for 31 July 1949, with a further charge that the KPOe was participating in the dismantling in the expectation of raising 12,500 schillings for the KPOe election fund from the sale of 100,000 bricks taken out of Moosbierbaum. The Volkssstimme (KPOe) subsequently acknowledged that dismantling was in progress but asserted that the bricks were being given to individual workers, a number of whom "voluntarily" contributed the proceeds to the KPOe.

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